Name: **Enrolment No:**	

UPES

End Sem Examination, December 2025

Course: Business Accounting **Semester: I**
Program: BBA All/ INT BBA MBA **Time : 03 hrs.**
Course Code: FINC1001 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		**Marks**	**CO**
Q 1 a)	Which of the following costs is NOT included in Prime Cost? A) Direct material B) Direct labour C) Direct expenses D) Factory overhead	**2**	**CO1**
b)	Which principle requires revenue to be recorded when it is earned? A) Matching B) Prudence C) Accrual D) Consistency	**2**	**CO1**
c)	Preparing a Balance Sheet is part of: A) Recording B) Financial Reporting C) Auditing D) Cost allocation	**2**	**CO1**
d)	Liquidity ratios measure a firm's ability to: A) Earn profits B) Pay long-term liabilities C) Pay current liabilities D) Increase sales	**2**	**CO1**
e)	Zero-based budgeting requires managers to: A) Start from zero for every budget cycle B) Use last year's budget C) Only plan for fixed assets D) Ignore variable costs	**2**	**CO1**
f)	Apportionment of cost means: A) Assigning to one department B) Splitting among departments C) Ignoring joint costs D) Eliminating overhead	**2**	**CO1**
g)	If total revenue equals total cost, the company is at: A) Margin of safety	**2**	**CO1**

	B) Break-even point C) Loss zone D) Profit zone		
h)	In ABC costing, a cost pool is: A) A group of labourers B) A group of overheads consumed by similar activities C) A product type D) A machine room	**2**	**CO1**
i)	A Cash Flow from Financing Activities includes: A) Depreciation B) Payment of dividends C) Purchase of machinery D) Operating cash inflows	**2**	**CO1**
j)	Revenue from Operations **as per Schedule III** includes: A) Interest income on deposits B) Sale of products C) Gain on sale of investments D) Dividend income	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
Q 2.	Define the entity concept and explain how it affects the preparation of financial statements under the Companies Act, 2013.	**5**	**CO2**
Q 3.	Selling Price= ₹200/unit Variable Cost = ₹120/unit Fixed cost ₹2,40,000 The company aims to generate a profit of ₹80,000. Compute the units sold to achieve the target.	**5**	**CO2**
Q 4.	A firm's current ratio is high, but its quick ratio is low. Explain what this reveals about their inventory management.	**5**	**CO2**
Q 5.	Given: Prime Cost = ₹4,80,000 Works Cost = ₹6,20,000 Factory Overheads =?? Office & Admin OH = ₹70,000 Cost of Production = ₹7,10,000 Compute Factory Overheads.	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
Q 6.	Green Fresh Dairy Ltd. produces packaged paneer and usually operates at 60% capacity (18,000 units). The following information relates to this capacity level:	**10**	**CO3**

Cost Item	At 60% Capacity (18,000 units)

	Sales Revenue ₹36,00,000 Direct Material ₹12,60,000 Direct Labour ₹7,20,000 Variable Overheads ₹3,60,000 Semi-variable Overheads ₹4,80,000 (40% fixed) Fixed Overheads ₹5,00,000 Management is considering increasing production to 80% and 100% capacity, as demand for paneer increases seasonally. You are required to prepare a Flexible Budget for 80% capacity and 100% capacity.		
Q 7.	Here are the extracts from the Financial Statements of Hogwards Ltd.: (see below)	**10**	**CO3**

Sales Revenue	₹36,00,000
Direct Material	₹12,60,000
Direct Labour	₹7,20,000
Variable Overheads	₹3,60,000
Semi-variable Overheads	₹4,80,000 (40% fixed)
Fixed Overheads	₹5,00,000

Management is considering increasing production to 80% and 100% capacity, as demand for paneer increases seasonally. You are required to prepare a Flexible Budget for 80% capacity and 100% capacity.

Q 7. Here are the extracts from the Financial Statements of Hogwards Ltd.:

Balance Sheet (₹ in lakh)

Particulars	**Amount**
Equity Share Capital	500
Reserves & Surplus	250
Long-Term Debt	400
Trade Payables	120
Short-Term Borrowings	80
Inventory	200
Trade Receivables	150
Cash & Bank	50
Fixed Assets (Net)	850

Profit & Loss Statement (₹ in lakh)

Particulars	**Amount**
Revenue from Operations	1,600
Cost of Goods Sold	1,120
Operating Expenses	280
Interest Expense	40
Net Profit After Tax	100

You are required to compute the following ratios:

A) Current Ratio,
B) Quick Ratio,

10 | **CO3**

<table>
<tr><td></td><td>C) Inventory Turnover Ratio
D) Debt–Equity Ratio
E) Net Profit Margin (%)

OR

Fresh Sip Juice Co. produces and sells a single product — bottled fruit juice.
The following information relates to April 2025:
• Selling Price per unit: ₹50
• Variable Cost per unit: ₹30
• Fixed Costs for the month: ₹2,40,000
• Actual Sales for the month: 20,000 units

(A) Calculate the Contribution per unit.
(B) Compute the PV Ratio.
(C) Calculate the Break-Even Point (BEP) in:
1. Units
2. Rupees
(D) Calculate the Margin of Safety (MOS) in:
1. Units
2. Percentage
(E) If the company wants to earn a profit of ₹1,20,000, compute the required sales (units).</td><td></td><td></td></tr>
<tr><td>Q 8.</td><td>Analyse the interrelationship between the Profit & Loss Statement and the Balance Sheet. How do decisions recorded in the P&L influence equity and liquidity positions in the Balance Sheet?</td><td>10</td><td>CO3</td></tr>
<tr><td colspan="4">SECTION-D
2Qx15M= 30 Marks</td></tr>
<tr><td>Q 9.</td><td>Maple Bakers Pvt. Ltd., a handmade cookie manufacturer in Chennai, completed its financial year ending 31st March 2025. On 1st April 2024, Maple Bakers Pvt. Ltd. was incorporated with the shareholders contributing ₹2,00,000 in bank as equity share capital. With this fresh capital, the company began its business operations. The company immediately purchased stocks worth ₹80,000 from the bank to stock its inventory. To set up its office, it also acquired furniture worth ₹30,000 on credit from IKEA stores.

Soon after, Maple Bakers Pvt. Ltd. made its first big sale—goods worth ₹60,000 were sold for cash, which had originally cost the company</td><td>15</td><td>CO4</td></tr>
</table>

<table>
<tr><td></td><td>₹40,000. Encouraged by this, the company expanded its customer base and sold goods worth ₹50,000 on credit to a business customer, Ellora Bakers, at a cost of ₹30,000. As operations grew, regular expenses followed. The company paid ₹10,000 as office rent and ₹20,000 as salaries to employees in cash. Ellora Bakers later made a part payment of ₹30,000, while the company paid ₹15,000 to IKEA stores by cheque, reducing its liability. Utility expenses also arose, with the company paying ₹5,000 towards electricity charges through bank transfer. To improve efficiency, Maple Bakers Pvt. Ltd. invested in new machinery worth ₹50,000, which was purchased by cheque.

By the end of the year, the board of directors decided to reward its shareholders by declaring and paying a dividend of ₹10,000. Additionally, the company spent ₹6,000 on insurance premiums and ₹12,000 on advertising to promote its brand. At the close of the financial year, the company valued its closing stock at ₹10,000. As per the Managing Director's instruction, you (a BBA trainee) are required to prepare the Statement of Profit & Loss and Balance Sheet as per Schedule III – Companies Act, 2013.</td><td></td><td></td></tr>
<tr><td>Q 10.</td><td>Star Cool Fans Pvt. Ltd. manufactures ceiling fans. One crucial part used in each fan is the Motor Shaft. Currently, Star Cool produces this part in its own factory. The company is evaluating whether to continue producing the Motor Shaft in-house or to purchase it from an outside supplier.
<table>
<tr><td colspan="2">Cost of Making One Motor Shaft:</td></tr>
<tr><td>Cost Item</td><td>Cost per Unit (₹)</td></tr>
<tr><td>Direct Material</td><td>60</td></tr>
<tr><td>Direct Labour</td><td>30</td></tr>
<tr><td>Variable Factory OH</td><td>20</td></tr>
<tr><td>Fixed Factory OH (allocated)</td><td>25</td></tr>
<tr><td>Total Cost per Unit</td><td>125</td></tr>
</table>
Annual requirement = 20,000 units

A supplier has offered to sell the same Motor Shaft at ₹110 per unit.</td><td>15</td><td>CO4</td></tr>
</table>

Additional Information:

- If Star Cool stops making the Motor Shaft, 60% of the fixed overhead (₹25) will still continue.
- The space used for producing the Motor Shaft can be rented out, earning ₹2,00,000 per year as extra income.
- Quality from the external supplier is assured.

Answer the following

(A) Calculate the relevant cost per unit of making the part. Also, compute the total cost of making and the total cost of buying.

(B) Include the extra income from renting out space as an opportunity benefit and decide the net advantage/disadvantage of buying.

(C) Based on your analysis, recommend whether the company should MAKE or BUY the Motor Shaft.

OR

Explain the significance of the Cash Flow Statement in financial analysis. In your answer, discuss how the three major components—operating activities, investing activities, and financing activities—help stakeholders assess a company's liquidity, solvency, and overall financial health. Illustrate how cash flow patterns can differ from profit trends and why cash flow information is considered more reliable for decision-making